

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CITY OF MUNCIE
DELAWARE COUNTY, INDIANA

January 1, 2016 to December 31, 2016



FILED
12/13/2018

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-5
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance with <i>Government Auditing Standards</i>	6-7
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	10-11
Notes to Financial Statement	12-18
Other Information - Unaudited:	
Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	20-45
Schedule of Leases and Debt	46
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance	48-50
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards	52
Notes to Schedule of Expenditures of Federal Awards	53
Schedule of Findings and Questioned Costs	54-69
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings	72-75
Corrective Action Plan	76-82
Other Reports	83

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
City Controller	Audrey Jones Clares Burke (interim) Kevin Nemyer	01-01-16 to 06-09-17 06-10-17 to 07-30-17 07-31-17 to 12-31-18
Mayor	Dennis Tyler	01-01-16 to 12-31-19
President of the Board of Public Works and Safety	John Quirk	01-01-16 to 12-31-18
President of the Common Council	Jerry Dishman Douglas Marshall	01-01-16 to 12-31-16 01-01-17 to 12-31-18
President of the Sanitary Board	Bill Smith	01-01-16 to 12-31-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CITY OF MUNCIE, DELAWARE COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the City of Muncie (City), which comprises the financial position and results of operations for the year ended December 31, 2016, and the related notes to the financial statement as listed in the Table of Contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 to the financial statement, the City prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the City for the year ended December 31, 2016.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2016, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.


Other Information

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis and Schedule of Leases and Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated November 5, 2018, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

November 5, 2018



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

TO: THE OFFICIALS OF THE CITY OF MUNCIE, DELAWARE COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the City of Muncie (City), which comprises the financial position and results of operations for the year ended December 31, 2016, and the related notes to the financial statement, and have issued our report thereon dated November 5, 2018, wherein we noted the City followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2016-002 to be a material weakness.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001 to be a significant deficiency.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the City's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2016-001 and 2016-002.

City of Muncie's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

November 5, 2018

(This page intentionally left blank.)

FINANCIAL STATEMENT AND ACCOMPANYING NOTES

The financial statement and accompanying notes were approved by management of the City. The financial statement and notes are presented as intended by the City.

CITY OF MUNCIE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2016

Fund	Cash and Investments			Cash and Investments 12-31-16
	01-01-16	Receipts	Disbursements	
General Fund	\$ 5,016,246	\$ 23,509,493	\$ 24,963,356	\$ 3,562,383
Motor Vehicle Highway	1,568,688	4,424,199	4,395,818	1,597,069
Local Road and Street	573,654	1,022,525	1,591,162	5,017
Parking Meter	112,067	78,109	58,506	131,670
Economic Development Operating	35,119	-	-	35,119
Clerk's Records Perpetuation	48,957	31,819	11,295	69,481
Parks and Recreation	296,495	1,593,863	1,244,035	646,323
Rainy Day	538,319	-	-	538,319
Cumulative Capital Improvement	-	178,628	178,628	-
Center Township Revenue	1,332,333	400,000	-	1,732,333
Police Pension	1,131,182	4,329,406	3,478,407	1,982,181
Fire Pension	1,581,156	4,261,652	3,696,982	2,145,826
COIT Public Safety	-	2,664,095	1,624,977	1,039,118
Bond Revenue/Tuhey Pool	141,792	156,297	167,881	130,208
MPD Reserves Grant	1,600	-	-	1,600
Land Bank	39,712	1,000	22,951	17,761
CD FY11 CDBG Program	-	6,819	6,819	-
Fuel Surcharge	894	-	-	894
Historic Preservation	4,697	-	-	4,697
Muncie Endurathon Grant	167	-	-	167
Regions Bank Indiana Stamping Bond	11,285	10,955	16,764	5,476
MPD Towing	79,682	27,530	44,505	62,707
CD FY12 CDBG Program	-	43,581	43,581	-
CD FY12 Home Program	-	1,085	1,085	-
Redevelopment TIF Indiana Stamping	-	10,950	10,950	-
MFD Search and Rescue Dog Fund	2,309	-	1	2,308
MPD Domestic Violence Donations and Contributions	10,530	19,035	17,762	11,803
MPD Corrupt Business Influence	13,682	-	13,518	164
Dog Park Sponsor Fund	2,045	135	418	1,762
Animal Shelter Non-Reverting Fund	2,864	106,972	26,445	83,391
CD FY13 CDBG Program	-	52	52	-
CD FY13 Home Program	-	31,125	31,125	-
Sanitary Levy Excess	46	-	-	46
Redevelopment TIF Muncie Downtown Expansion	133,727	32,882	-	166,609
Redevelopment TIF Muncie Air Park	-	131,475	131,475	-
Prairie Creek-City Hall-Other Bond	347,802	-	-	347,802
Recreational Trail Program	(4,000)	4,000	-	-
COHEN Peace Conference	50	-	-	50
CD FY14 CDBG Program	-	226,489	226,489	-
City Levy Excess	116	-	-	116
CD FY 14 Home Program	-	19,451	19,451	-
MPD JAG Grant 2014	1,551	-	1,551	-
MFD Safe Station	250	-	-	250
RDC TIF 2014 Multi TIF Bond	4,366,539	133,469	3,255,015	1,244,993
RDC TIF Muncie South Muncie	80,490	65,135	115,624	30,001
Bath house-George & Frances Ball	50,000	-	-	50,000
Gateway Park Project Grant	(333,969)	-	-	(333,969)
Ball Bros Foundation Grant Beech Grove	21,733	-	21,670	63
Economic Dev Income Tax Revenue Bond 2013 Sinking	67,728	300,000	412,042	(44,314)
MRC Madison Street Bond	1,477	-	1,477	-
MFD Equipment Grant	3,993	-	-	3,993
City of Muncie Redevelopment Commission Parking Garage	502,866	134,092	183,244	453,714
MPD DUI 2014-2015	(12,568)	12,568	-	-
CD FY15 CDBG Program	-	456,312	456,312	-
CD FY15 HOME Program	-	201,354	201,354	-
MPD Victim Advocate 2015-2016	41,336	90,955	132,291	-
MPD Victim Advocate 2014-2015	-	3,617	3,617	-
MPD Stop Domestic Violence 15-16	(12,005)	23,943	11,747	191
MPD OPO 2015-2016	(2,009)	99,284	97,275	-
MPD DUI 2015-2016	(2,223)	39,862	37,639	-
Bike Muncie	(3,500)	4,240	-	740
Hardest Hit	(14,245)	3,175	79,476	(90,546)
Hillcroft Bond First Merchants	-	139,058	93,958	45,100
MPD SWAT Team	5,000	5,000	9,690	310
Public Defender Fee	-	250	-	250
LOIT Special Distribution	-	845,464	760,085	85,379
MPD Dive Team Donation	-	3,050	2,558	492
CD FY16 CDBG Program	-	83,940	83,940	-
CD FY16 HOME Program	-	65,260	65,260	-
MPD JAG 2016	-	26,984	12,143	14,841
MPD Victim Advocate 2016-2018	-	72,588	36,804	35,784
MPD JAG 2015	-	33,159	33,159	-
RDC TIF Cardinal Redevelopment	-	264,434	111,059	153,375
Animal Shelter Adoption Fees	-	5,714	3,619	2,095
MFD Turnout Gear Reserve Initiative	-	19,371	19,371	-
Cardinal Square	132,470	243,562	373,559	2,473
MAP Muncie North, LLC Construction Bond	74,156	160,930	235,086	-
Economic Development Grant	2,464,280	4,063,428	4,728,199	1,799,509
Series 2014	3,811,221	1,675	3,205,833	607,063
Hillcroft Acquisition Fund	3,000	4	2,000	1,004
MPD Domestic Violence 16-17	-	-	11,346	(11,346)

CITY OF MUNCIE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2016

Fund	Cash and Investments 01-01-16	Receipts	Disbursements	Cash and Investments 12-31-16
MPD OPO 2016-2017	-	-	8,600	(8,600)
Cemetery Operating	220,283	328,718	425,817	123,184
Probation	65,751	27,440	30,509	62,682
CD FY10 CDBG Program	-	2,307	2,307	-
Park Grant	91,085	30,000	-	121,085
Police Donation	4,541	-	-	4,541
Parks and Recreation #3	(469)	609,621	650,729	(41,577)
Arborist License	17,489	4,897	142	22,244
Park Non-Reverting	36,479	62,871	64,156	35,194
Park Dept-Burt Whiteley	10,302	3,700	-	14,002
Beech Grove Cumulative Building Maintenance	49,187	57,225	27,515	78,897
MPD Interdiction	616	-	-	616
MPD LEBG Safety Vest Grant	8,129	-	8,129	-
MPD Uniform Forfeiture	300	-	-	300
MPD Dare	6,132	-	-	6,132
MPD K-9 Special Olympics	104	-	-	104
MPD Traffic Division	11,625	2,544	4,000	10,169
MPD Arson Investigations	9,840	-	-	9,840
MPD Police Training	26,415	5,060	20,000	11,475
Law Enforcement Continuing Education	115,174	99,119	113,975	100,318
Fire Department Donations	100,445	24,193	54,606	70,032
Fire Dept Smoke Alarms	5	-	-	5
Muncie-Delaware Haz-Mat Team	171	-	-	171
Animal Shelter Donation	16,995	94,783	94,479	17,299
CD Grants Other (Non-Hud)	180	-	-	180
Alarm Ordinance	1,990	-	-	1,990
TIF Central City	356,541	339,530	353,386	342,685
Redevelopment Tech Park	45,045	667,334	629,493	82,886
Redevelopment Commission	56,385	304,783	140,053	221,115
Industrial Develop Revolving Loan	375,231	467,193	68,412	774,012
Redevelopment Commission Other Projects	86,207	132	-	86,339
CD Unsafe Building Fund	58,560	39,326	70,103	27,783
Park White River Beautification	224	-	-	224
Park Beautification Program	225	-	-	225
Fire Safety & Equipment	532	-	-	532
Drug Task Force Federal Forfeiture	-	22,202	3,080	19,122
Adult Probation Services Fees	196,263	26,520	-	222,783
EDIT	189,471	4,165,848	4,216,935	138,384
Urban Development	672	-	-	672
Health Insurance	36,465	9,900,709	9,836,926	100,248
Beech Grove Thompson Trust	9,862	43	-	9,905
Beech Grove Cemetery Trust	25,878	133	-	26,011
Beech Grove Grace Maring	40,829	179	-	41,008
Beech Grove Hardin Rhoads	18,634	82	-	18,716
Redevelopment Commission/Allocation	3,476,117	1,763,004	2,999,181	2,239,940
Payroll	435,842	31,015,297	31,451,478	(339)
Insurance-Other	280,251	622,994	4,964	898,281
Beech Grove Pre-Need	147,768	10,627	-	158,395
User Fee Law Enforcement Education	57,377	22,869	45,258	34,988
Security Deposit	49,575	7,750	9,775	47,550
TIF Muncie Mall	-	1,486,805	1,486,805	-
Court Cost Due County	-	100,525	100,525	-
City Court	185,529	1,283,392	1,400,139	68,782
Cabin Rental Deposits	1,200	21,833	21,593	1,440
Sanitation	5,002,009	6,924,653	6,443,355	5,483,307
Cumulative Building and Sinking	588,981	494,462	707,130	376,313
Reserve Operating and Maintenance	420,033	11,029	-	431,062
Revolving Sanitary Sewer Construction	40,269	-	-	40,269
Reserve Bond 07 Operating and Maintenance	1	2,000	2,000	1
Storm Water Bond and Interest	45	381,998	381,998	45
MSD New Equipment	20,000	50,000	-	70,000
Sewage Works Sinking	93,846	4,752,194	4,751,319	94,721
Sewage Debt Service Reserve	3,997,674	647,450	-	4,645,124
Storm Water Bond Payment	-	1,325,774	1,321,639	4,135
Storm Water Fee/Delaware County	2,130,052	4,918,976	4,259,096	2,789,932
Recycling	216,517	97,428	131,201	182,744
88 Clean Up Race Track FD	9,593	30,085	19,440	20,238
Rainy Day-MSD	64,249	114,406	-	178,655
5 Year Planned Replacement	255,962	-	-	255,962
MSD 2013 Bond Construction	1,360,068	1,212	1,361,280	-
MSD 2013B Bond	20	-	20	-
MSD 2014 Stormwater Bond Construction	844,409	1,236,083	1,923,437	157,055
MSD Improvement Reserve	1,501,496	6,017	-	1,507,513
Bond Proceeds	4,495,458	31,041	4,526,488	11
2016 Bond Sewage Construction	-	63,102,431	19,495,499	43,606,932
Sewage General	2,838,851	20,274,018	19,062,426	4,050,443
Totals	\$ 55,073,772	\$ 208,948,344	\$ 175,551,839	\$ 88,470,277

The notes to the financial statement are an integral part of this statement.

CITY OF MUNCIE
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The City was established under the laws of the State of Indiana. The City operates under a Council-Mayor form of government and provides some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, electric, gas, storm water, trash, aviation, and urban redevelopment and housing.

The accompanying financial statement presents the financial information for the City.

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Taxes. Amounts received from one or more of the following: property tax, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeeper's tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the City.

Licenses and permits. Amounts received from businesses, occupations, or non-businesses that must be licensed before doing business within the government's jurisdiction, or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include the following: peddler licenses, animal licenses, auctioneer licenses, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

CITY OF MUNCIE
NOTES TO FINANCIAL STATEMENT
(Continued)

Intergovernmental receipts. Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental receipts include, but are not limited to, the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services. Amounts received for services including, but not limited to, the following: planning commission charges, building department charges, copies of public records, copy machines charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable TV receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits. Amounts received from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees. Amounts received from charges for current services.

Other receipts. Amounts received from various sources, including, but not limited to, the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution, or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Personal services. Amounts disbursed for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies. Amounts disbursed for articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges. Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service - principal and interest. Amounts disbursed for fixed obligations resulting from financial transactions previously entered into by the City. It includes all expenditures for the reduction of the principal and interest of the City's general obligation indebtedness.

CITY OF MUNCIE
NOTES TO FINANCIAL STATEMENT
(Continued)

Capital outlay. Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses. Amounts disbursed for operating the utilities.

Other disbursements. Amounts disbursed for various other purposes including, but not limited to, the following: interfund loan payments; loans made to other funds; internal service disbursements; and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The City may, from time to time, make transfers from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the City. Each fund is used to account for amounts received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the City. The amounts accounted for in a specific fund may only be available for use for certain, legally-restricted purposes. Additionally, some funds are used to account for assets held by the City in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and, therefore, the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the City submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the City in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

CITY OF MUNCIE
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. *Deposits and Investments*

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana, at year end, should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the City to invest in securities including, but not limited to, the following: federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. *Risk Management*

The City may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job-related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third-party. The establishment of a self-insurance fund allows the City to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

Note 6. *Pension Plans*

A. *Public Employees' Retirement Fund*

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the City authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

CITY OF MUNCIE
NOTES TO FINANCIAL STATEMENT
(Continued)

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

B. 1925 Police Officers' Pension Plan

Plan Description

The 1925 Police Officers' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute.

On Behalf Payments

The 1925 Police Officers' Pension Plan is funded by the State of Indiana through the Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

C. 1937 Firefighters' Pension Plan

Plan Description

The 1937 Firefighters' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute.

On Behalf Payments

The 1937 Firefighters' Pension Plan is funded by the State of Indiana through the Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

CITY OF MUNCIE
NOTES TO FINANCIAL STATEMENT
(Continued)

D. 1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The 1977 Police Officers' and Firefighters' Pension and Disability Fund is a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Retirement System (INPRS) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting, and requirements for contributions by employers and by employees. Covered employees may retire at age 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. The plan also provides for death and disability benefits.

INPRS issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy

The contribution requirements of plan members and the City are established by the Board of Trustees of INPRS.

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of reimbursable grant expenditures, which were not received by December 31, 2016, or expenditures exceeding receipts.

Note 8. Holding Corporation

The City has entered into a capital lease with the Muncie EDIT Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the City. The lessor has been determined to be a related-party of the City. Lease payments during the year 2016 totaled \$279,500.

Note 9. Subsequent Event

On December 22, 2017, Sanitary District Bond Anticipation Notes, Series 2017 in the amount of \$20,840,000 were issued to pay preliminary project costs associated with the proposed improvement projects of the Sanitary District.

CITY OF MUNCIE
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 10. Other Postemployment Benefits

The City has a Sanitary District that provides health insurance benefits to its eligible retirees and their spouses. These benefits pose a liability to the City for this year and in future years. Information regarding the benefits can be obtained by contacting the City.

Note 11. Combined Funds

Funds related to the ARC Hotel Project were reported separately in the prior financial statement, but were combined into one fund called Economic Development Grant in the current report. Funds related to the Series 2014A and Series 2014B were reported separately in the prior financial statement, but were combined into one fund called Series 2014 for the current financial statement.

OTHER INFORMATION - UNAUDITED

The City's Annual Financial Report information can be found on the Indiana Gateway for Government Units website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the City's Annual Financial Report referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The other information presented was approved by management of the City. It is presented as intended by the City.

CITY OF MUNCIE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	General Fund	Motor Vehicle Highway	Local Road and Street	Parking Meter	Economic Development Operating	Clerk's Records Perpetuation	Parks and Recreation
Cash and investments - beginning	\$ 5,016,246	\$ 1,568,688	\$ 573,654	\$ 112,067	\$ 35,119	\$ 48,957	\$ 296,495
Receipts:							
Taxes	15,383,465	-	-	-	-	-	1,402,343
Licenses and permits	659,219	22,705	-	-	-	-	-
Intergovernmental receipts	6,085,403	3,650,935	556,559	-	-	-	119,186
Charges for services	438,476	3,330	-	78,109	-	-	23,721
Fines and forfeits	299,238	6,978	-	-	-	31,749	-
Utility fees	-	-	-	-	-	-	-
Other receipts	643,692	740,251	465,966	-	-	70	48,613
Total receipts	23,509,493	4,424,199	1,022,525	78,109	-	31,819	1,593,863
Disbursements:							
Personal services	19,569,133	1,458,125	-	-	-	-	777,792
Supplies	504,442	584,746	-	-	-	-	78,949
Other services and charges	4,136,084	2,155,388	1,591,162	58,506	-	11,295	345,844
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	567,581	197,559	-	-	-	-	41,285
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	186,116	-	-	-	-	-	165
Total disbursements	24,963,356	4,395,818	1,591,162	58,506	-	11,295	1,244,035
Excess (deficiency) of receipts over disbursements	(1,453,863)	28,381	(568,637)	19,603	-	20,524	349,828
Cash and investments - ending	\$ 3,562,383	\$ 1,597,069	\$ 5,017	\$ 131,670	\$ 35,119	\$ 69,481	\$ 646,323

CITY OF MUNCIE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Rainy Day	Cumulative Capital Improvement	Center Township Revenue	Police Pension	Fire Pension	COIT Public Safety	Bond Revenue/Tuhey Pool
Cash and investments - beginning	\$ 538,319	\$ -	\$ 1,332,333	\$ 1,131,182	\$ 1,581,156	\$ -	\$ 141,792
Receipts:							
Taxes	-	-	-	2,219,369	1,806,333	-	149,210
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	178,628	-	188,846	153,734	2,664,095	7,087
Charges for services	-	-	400,000	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	1,921,191	2,301,585	-	-
Total receipts	-	178,628	400,000	4,329,406	4,261,652	2,664,095	156,297
Disbursements:							
Personal services	-	-	-	1,247,205	1,119,238	1,331,758	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	178,628	-	2,231,202	2,577,744	-	167,881
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	293,219	-
Total disbursements	-	178,628	-	3,478,407	3,696,982	1,624,977	167,881
Excess (deficiency) of receipts over disbursements	-	-	400,000	850,999	564,670	1,039,118	(11,584)
Cash and investments - ending	\$ 538,319	\$ -	\$ 1,732,333	\$ 1,982,181	\$ 2,145,826	\$ 1,039,118	\$ 130,208

CITY OF MUNCIE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	MPD Reserves Grant	Land Bank	CD FY11 CDBG Program	Fuel Surcharge	Historic Preservation	Muncie Endurathon Grant
Cash and investments - beginning	\$ 1,600	\$ 39,712	\$ -	\$ 894	\$ 4,697	\$ 167
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	6,819	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	1,000	-	-	-	-
Total receipts	-	1,000	6,819	-	-	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	22,951	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	6,819	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	-	22,951	6,819	-	-	-
Excess (deficiency) of receipts over disbursements	-	(21,951)	-	-	-	-
Cash and investments - ending	\$ 1,600	\$ 17,761	\$ -	\$ 894	\$ 4,697	\$ 167

CITY OF MUNCIE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Regions Bank Indiana Stamping Bond	MPD Towing	CD FY12 CDBG Program	CD FY12 Home Program	Redevelopment TIF Indiana Stamping	MFD Search and Rescue Dog Fund
Cash and investments - beginning	\$ 11,285	\$ 79,682	\$ -	\$ -	\$ -	\$ 2,309
Receipts:						
Taxes	-	-	-	-	10,950	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	43,581	1,085	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	10,955	27,530	-	-	-	-
Total receipts	10,955	27,530	43,581	1,085	10,950	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	1,085	-	-
Other services and charges	16,764	44,505	-	-	10,950	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	43,581	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	1
Total disbursements	16,764	44,505	43,581	1,085	10,950	1
Excess (deficiency) of receipts over disbursements	(5,809)	(16,975)	-	-	-	(1)
Cash and investments - ending	\$ 5,476	\$ 62,707	\$ -	\$ -	\$ -	\$ 2,308

CITY OF MUNCIE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	MPD Domestic Violence Donations and Contributions	MPD Corrupt Business Influence	Dog Park Sponsor Fund	Animal Shelter Non-Reverting Fund	CD FY13 CDBG Program	CD FY13 Home Program
Cash and investments - beginning	\$ 10,530	\$ 13,682	\$ 2,045	\$ 2,864	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	52	28,125
Charges for services	-	-	-	106,972	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	19,035	-	135	-	-	3,000
Total receipts	19,035	-	135	106,972	52	31,125
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	17,762	13,518	418	26,445	-	31,125
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	52	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	17,762	13,518	418	26,445	52	31,125
Excess (deficiency) of receipts over disbursements	1,273	(13,518)	(283)	80,527	-	-
Cash and investments - ending	\$ 11,803	\$ 164	\$ 1,762	\$ 83,391	\$ -	\$ -

CITY OF MUNCIE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Sanitary Levy Excess	Redevelopment TIF Muncie Downtown Expansion	Redevelopment TIF Muncie Air Park	Prairie Creek-City Hall-Other Bond	Recreational Trail Program	COHEN Peace Conference
Cash and investments - beginning	\$ 46	\$ 133,727	\$ -	\$ 347,802	\$ (4,000)	\$ 50
Receipts:						
Taxes	-	32,791	131,475	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	4,000	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	91	-	-	-	-
Total receipts	-	32,882	131,475	-	4,000	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	131,475	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	-	-	131,475	-	-	-
Excess (deficiency) of receipts over disbursements	-	32,882	-	-	4,000	-
Cash and investments - ending	\$ 46	\$ 166,609	\$ -	\$ 347,802	\$ -	\$ 50

CITY OF MUNCIE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	CD FY14 CDBG Program	City Levy Excess	CD FY14 Home Program	MPD JAG Grant 2014	MFD Safe Station	RDC TIF 2014 Multi TIF Bond
Cash and investments - beginning	\$ -	\$ 116	\$ -	\$ 1,551	\$ 250	\$ 4,366,539
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	222,186	-	19,451	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	4,303	-	-	-	-	133,469
Total receipts	226,489	-	19,451	-	-	133,469
Disbursements:						
Personal services	19,618	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	10,915	-	19,451	-	-	3,255,015
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	195,956	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	1,551	-	-
Total disbursements	226,489	-	19,451	1,551	-	3,255,015
Excess (deficiency) of receipts over disbursements	-	-	-	(1,551)	-	(3,121,546)
Cash and investments - ending	\$ -	\$ 116	\$ -	\$ -	\$ 250	\$ 1,244,993

CITY OF MUNCIE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	RDC TIF Muncie South Muncie	Bath house-George & Frances Ball	Gateway Park Project Grant	Ball Bros Foundation Grant Beech Grove	Economic Dev Income Tax Revenue Bond 2013 Sinking	MRC Madison Street Bond
Cash and investments - beginning	\$ 80,490	\$ 50,000	\$ (333,969)	\$ 21,733	\$ 67,728	\$ 1,477
Receipts:						
Taxes	65,103	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	32	-	-	-	300,000	-
Total receipts	65,135	-	-	-	300,000	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	115,624	-	-	21,670	-	1,477
Debt service - principal and interest	-	-	-	-	412,042	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	115,624	-	-	21,670	412,042	1,477
Excess (deficiency) of receipts over disbursements	(50,489)	-	-	(21,670)	(112,042)	(1,477)
Cash and investments - ending	\$ 30,001	\$ 50,000	\$ (333,969)	\$ 63	\$ (44,314)	\$ -

CITY OF MUNCIE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	MFD Equipment Grant	City of Muncie Redevelopment Commission Parking Garage	MPD DUI 2014-2015	CD FY15 CDBG Program	CD FY15 HOME Program	MPD Victim Advocate 2015-2016
Cash and investments - beginning	\$ 3,993	\$ 502,866	\$ (12,568)	\$ -	\$ -	\$ 41,336
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	12,568	456,312	201,354	90,397
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	134,092	-	-	-	558
Total receipts	-	134,092	12,568	456,312	201,354	90,955
Disbursements:						
Personal services	-	-	-	186,674	22,495	86,779
Supplies	-	-	-	-	-	17,632
Other services and charges	-	183,244	-	-	178,859	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	269,638	-	27,880
Total disbursements	-	183,244	-	456,312	201,354	132,291
Excess (deficiency) of receipts over disbursements	-	(49,152)	12,568	-	-	(41,336)
Cash and investments - ending	\$ 3,993	\$ 453,714	\$ -	\$ -	\$ -	\$ -

CITY OF MUNCIE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	MPD Victim Advocate 2014-2015	MPD Stop Domestic Violence 15-16	MPD OPO 2015-2016	MPD DUI 2015-2016	Bike Muncie	Hardest Hit
Cash and investments - beginning	\$ -	\$ (12,005)	\$ (2,009)	\$ (2,223)	\$ (3,500)	\$ (14,245)
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	23,943	99,284	39,862	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	3,617	-	-	-	4,240	3,175
Total receipts	3,617	23,943	99,284	39,862	4,240	3,175
Disbursements:						
Personal services	-	11,428	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	319	38,939	21,245	-	79,476
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	3,617	-	58,336	16,394	-	-
Total disbursements	3,617	11,747	97,275	37,639	-	79,476
Excess (deficiency) of receipts over disbursements	-	12,196	2,009	2,223	4,240	(76,301)
Cash and investments - ending	\$ -	\$ 191	\$ -	\$ -	\$ 740	\$ (90,546)

CITY OF UNCIE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Hillcroft Bond First Merchants	MPD SWAT Team	Public Defender Fee	LOIT Special Distribution	MPD Dive Team Donation	CD FY16 CDBG Program
Cash and investments - beginning	\$ -	\$ 5,000	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	820,464	-	83,940
Charges for services	-	-	250	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	139,058	5,000	-	25,000	3,050	-
Total receipts	139,058	5,000	250	845,464	3,050	83,940
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	93,958	9,690	-	760,085	2,558	83,940
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	93,958	9,690	-	760,085	2,558	83,940
Excess (deficiency) of receipts over disbursements	45,100	(4,690)	250	85,379	492	-
Cash and investments - ending	\$ 45,100	\$ 310	\$ 250	\$ 85,379	\$ 492	\$ -

CITY OF MUNCIE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	CD FY16 HOME Program	MPD JAG 2016	MPD Victim Advocate 2016-2018	MPD JAG 2015	RDC TIF Cardinal Redevelopment	Animal Shelter Adoption Fees
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	264,417	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	65,260	26,984	46,659	33,159	-	-
Charges for services	-	-	-	-	-	5,714
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	25,929	-	17	-
Total receipts	65,260	26,984	72,588	33,159	264,434	5,714
Disbursements:						
Personal services	9,353	-	30,506	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	55,907	12,143	6,298	14,922	111,059	3,619
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	18,237	-	-
Total disbursements	65,260	12,143	36,804	33,159	111,059	3,619
Excess (deficiency) of receipts over disbursements	-	14,841	35,784	-	153,375	2,095
Cash and investments - ending	\$ -	\$ 14,841	\$ 35,784	\$ -	\$ 153,375	\$ 2,095

CITY OF MUNCIE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	MFD Turnout Gear Reserve Initiative	Cardinal Square	MAP Muncie North, LLC Construction Bond	Economic Development Grant	Series 2014	Hillcroft Acquisition Fund
Cash and investments - beginning	\$ -	\$ 132,470	\$ 74,156	\$ 2,464,280	\$ 3,811,221	\$ 3,000
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	19,371	243,562	160,930	4,063,428	1,675	4
Total receipts	19,371	243,562	160,930	4,063,428	1,675	4
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	19,371	373,559	235,086	4,728,199	3,205,833	2,000
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	19,371	373,559	235,086	4,728,199	3,205,833	2,000
Excess (deficiency) of receipts over disbursements	-	(129,997)	(74,156)	(664,771)	(3,204,158)	(1,996)
Cash and investments - ending	\$ -	\$ 2,473	\$ -	\$ 1,799,509	\$ 607,063	\$ 1,004

CITY OF MUNCIE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	MPD Domestic Violence 16-17	MPD OPO 2016-2017	Cemetery Operating	Probation	CD FY10 CDBG Program	Park Grant
Cash and investments - beginning	\$ -	\$ -	\$ 220,283	\$ 65,751	\$ -	\$ 91,085
Receipts:						
Taxes	-	-	208,918	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	17,797	-	2,307	-
Charges for services	-	-	102,003	27,440	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	-	-	30,000
Total receipts	-	-	328,718	27,440	2,307	30,000
Disbursements:						
Personal services	11,346	-	357,668	-	-	-
Supplies	-	-	37,651	-	-	-
Other services and charges	-	-	30,498	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	2,307	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	8,600	-	30,509	-	-
Total disbursements	11,346	8,600	425,817	30,509	2,307	-
Excess (deficiency) of receipts over disbursements	(11,346)	(8,600)	(97,099)	(3,069)	-	30,000
Cash and investments - ending	\$ (11,346)	\$ (8,600)	\$ 123,184	\$ 62,682	\$ -	\$ 121,085

CITY OF MUNCIE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Police Donation	Parks and Recreation #3	Arborist License	Park Non-Reverting	Park Dept-Burt Whiteley	Beech Grove Cumulative Building Maintenance
Cash and investments - beginning	\$ 4,541	\$ (469)	\$ 17,489	\$ 36,479	\$ 10,302	\$ 49,187
Receipts:						
Taxes	-	3,328	-	-	-	-
Licenses and permits	-	150	4,870	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	604,377	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	1,766	27	62,871	3,700	57,225
Total receipts	-	609,621	4,897	62,871	3,700	57,225
Disbursements:						
Personal services	-	437,878	-	-	-	-
Supplies	-	87,926	-	-	-	-
Other services and charges	-	119,568	142	64,156	-	27,515
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	4,982	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	375	-	-	-	-
Total disbursements	-	650,729	142	64,156	-	27,515
Excess (deficiency) of receipts over disbursements	-	(41,108)	4,755	(1,285)	3,700	29,710
Cash and investments - ending	\$ 4,541	\$ (41,577)	\$ 22,244	\$ 35,194	\$ 14,002	\$ 78,897

CITY OF MUNCIE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	MPD Interdiction	MPD LEBG Safety Vest Grant	MPD Uniform Forfeiture	MPD Dare	MPD K-9 Special Olympics	MPD Traffic Division
Cash and investments - beginning	\$ 616	\$ 8,129	\$ 300	\$ 6,132	\$ 104	\$ 11,625
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	-	-	2,544
Total receipts	-	-	-	-	-	2,544
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	8,129	-	-	-	4,000
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	-	8,129	-	-	-	4,000
Excess (deficiency) of receipts over disbursements	-	(8,129)	-	-	-	(1,456)
Cash and investments - ending	\$ 616	\$ -	\$ 300	\$ 6,132	\$ 104	\$ 10,169

CITY OF MUNCIE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	MPD Arson Investigations	MPD Police Training	Law Enforcement Continuing Education	Fire Department Donations	Fire Dept Smoke Alarms	Muncie-Delaware Haz-Mat Team
Cash and investments - beginning	\$ 9,840	\$ 26,415	\$ 115,174	\$ 100,445	\$ 5	\$ 171
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	5,060	70,439	-	-	-
Fines and forfeits	-	-	28,680	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	24,193	-	-
Total receipts	-	5,060	99,119	24,193	-	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	20,000	113,975	54,606	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	-	20,000	113,975	54,606	-	-
Excess (deficiency) of receipts over disbursements	-	(14,940)	(14,856)	(30,413)	-	-
Cash and investments - ending	\$ 9,840	\$ 11,475	\$ 100,318	\$ 70,032	\$ 5	\$ 171

CITY OF MUNCIE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Animal Shelter Donation	CD Grants Other (Non-Hud)	Alarm Ordinance	TIF Central City	Redevelopment Tech Park	Redevelopment Commission
Cash and investments - beginning	\$ 16,995	\$ 180	\$ 1,990	\$ 356,541	\$ 45,045	\$ 56,385
Receipts:						
Taxes	-	-	-	305,285	135,002	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	532,267	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	94,783	-	-	34,245	65	304,783
Total receipts	94,783	-	-	339,530	667,334	304,783
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	94,479	-	-	353,386	629,493	140,053
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	94,479	-	-	353,386	629,493	140,053
Excess (deficiency) of receipts over disbursements	304	-	-	(13,856)	37,841	164,730
Cash and investments - ending	\$ 17,299	\$ 180	\$ 1,990	\$ 342,685	\$ 82,886	\$ 221,115

CITY OF MUNCIE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Industrial Develop Revolving Loan	Redevelopment Commission Other Projects	CD Unsafe Building Fund	Park White River Beautification	Park Beautification Program	Fire Safety & Equipment
Cash and investments - beginning	\$ 375,231	\$ 86,207	\$ 58,560	\$ 224	\$ 225	\$ 532
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	467,193	132	39,326	-	-	-
Total receipts	467,193	132	39,326	-	-	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	70,103	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	68,412	-	-	-	-	-
Total disbursements	68,412	-	70,103	-	-	-
Excess (deficiency) of receipts over disbursements	398,781	132	(30,777)	-	-	-
Cash and investments - ending	\$ 774,012	\$ 86,339	\$ 27,783	\$ 224	\$ 225	\$ 532

CITY OF MUNCIE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Drug Task Force Federal Forfeiture	Adult Probation Services Fees	EDIT	Urban Development	Health Insurance	Beech Grove Thompson Trust
Cash and investments - beginning	\$ -	\$ 196,263	\$ 189,471	\$ 672	\$ 36,465	\$ 9,862
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	3,359,302	-	-	-
Charges for services	-	26,520	-	-	-	-
Fines and forfeits	22,202	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	806,546	-	9,900,709	43
Total receipts	22,202	26,520	4,165,848	-	9,900,709	43
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	3,080	-	4,216,935	-	9,836,926	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	3,080	-	4,216,935	-	9,836,926	-
Excess (deficiency) of receipts over disbursements	19,122	26,520	(51,087)	-	63,783	43
Cash and investments - ending	\$ 19,122	\$ 222,783	\$ 138,384	\$ 672	\$ 100,248	\$ 9,905

CITY OF MUNCIE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Beech Grove Cemetery Trust	Beech Grove Grace Maring	Beech Grove Hardin Rhoads	Redevelopment Commission/ Allocation	Payroll	Insurance-Other
Cash and investments - beginning	\$ 25,878	\$ 40,829	\$ 18,634	\$ 3,476,117	\$ 435,842	\$ 280,251
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	133	179	82	1,763,004	31,015,297	622,994
Total receipts	133	179	82	1,763,004	31,015,297	622,994
Disbursements:						
Personal services	-	-	-	-	31,451,478	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	2,999,181	-	4,964
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	-	-	-	2,999,181	31,451,478	4,964
Excess (deficiency) of receipts over disbursements	133	179	82	(1,236,177)	(436,181)	618,030
Cash and investments - ending	\$ 26,011	\$ 41,008	\$ 18,716	\$ 2,239,940	\$ (339)	\$ 898,281

CITY OF MUNCIE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Beech Grove Pre-Need	User Fee Law Enforcement Education	Security Deposit	TIF Muncie Mall	Court Cost Due County	City Court
Cash and investments - beginning	\$ 147,768	\$ 57,377	\$ 49,575	\$ -	\$ -	\$ 185,529
Receipts:						
Taxes	-	-	-	1,486,805	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	10,627	22,869	-	-	-	-
Fines and forfeits	-	-	-	-	100,525	1,283,392
Utility fees	-	-	-	-	-	-
Other receipts	-	-	7,750	-	-	-
Total receipts	10,627	22,869	7,750	1,486,805	100,525	1,283,392
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	45,258	9,775	1,486,805	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	100,525	1,400,139
Total disbursements	-	45,258	9,775	1,486,805	100,525	1,400,139
Excess (deficiency) of receipts over disbursements	10,627	(22,389)	(2,025)	-	-	(116,747)
Cash and investments - ending	\$ 158,395	\$ 34,988	\$ 47,550	\$ -	\$ -	\$ 68,782

CITY OF MUNCIE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Cabin Rental Deposits	Sanitation	Cumulative Building and Sinking	Reserve Operating and Maintenance	Revolving Sanitary Sewer Construction	Reserve Bond 07 Operating and Maintenance
Cash and investments - beginning	\$ 1,200	\$ 5,002,009	\$ 588,981	\$ 420,033	\$ 40,269	\$ 1
Receipts:						
Taxes	-	5,485,148	483,215	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	1,186,098	10,492	-	-	-
Charges for services	21,833	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	18,671	-	-	-	-
Other receipts	-	234,736	755	11,029	-	2,000
Total receipts	21,833	6,924,653	494,462	11,029	-	2,000
Disbursements:						
Personal services	-	2,622,508	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	129,850	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	893,965	-	-	-	-
Utility operating expenses	-	490,154	-	-	-	-
Other disbursements	21,593	2,306,878	707,130	-	-	2,000
Total disbursements	21,593	6,443,355	707,130	-	-	2,000
Excess (deficiency) of receipts over disbursements	240	481,298	(212,668)	11,029	-	-
Cash and investments - ending	\$ 1,440	\$ 5,483,307	\$ 376,313	\$ 431,062	\$ 40,269	\$ 1

CITY OF MUNCIE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Storm Water Bond and Interest	MSD New Equipment	Sewage Works Sinking	Sewage Debt Service Reserve	Storm Water Bond Payment	Storm Water Fee/Delaware County
Cash and investments - beginning	\$ 45	\$ 20,000	\$ 93,846	\$ 3,997,674	\$ -	\$ 2,130,052
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	16,388
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	4,338,599
Other receipts	381,998	50,000	4,752,194	647,450	1,325,774	563,989
Total receipts	381,998	50,000	4,752,194	647,450	1,325,774	4,918,976
Disbursements:						
Personal services	-	-	-	-	-	259,494
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	381,998	-	4,751,049	-	939,641	-
Capital outlay	-	-	-	-	-	659,034
Utility operating expenses	-	-	-	-	-	2,454
Other disbursements	-	-	270	-	381,998	3,338,114
Total disbursements	381,998	-	4,751,319	-	1,321,639	4,259,096
Excess (deficiency) of receipts over disbursements	-	50,000	875	647,450	4,135	659,880
Cash and investments - ending	\$ 45	\$ 70,000	\$ 94,721	\$ 4,645,124	\$ 4,135	\$ 2,789,932

CITY OF MUNCIE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Recycling	88 Clean Up Race Track FD	Rainy Day-MSD	5 Year Planned Replacement	MSD 2013 Bond Construction	MSD 2013B Bond
Cash and investments - beginning	\$ 216,517	\$ 9,593	\$ 64,249	\$ 255,962	\$ 1,360,068	\$ 20
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	48,360	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	49,068	30,085	114,406	-	1,212	-
Total receipts	97,428	30,085	114,406	-	1,212	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	1,356,199	-
Other disbursements	131,201	19,440	-	-	5,081	20
Total disbursements	131,201	19,440	-	-	1,361,280	20
Excess (deficiency) of receipts over disbursements	(33,773)	10,645	114,406	-	(1,360,068)	(20)
Cash and investments - ending	\$ 182,744	\$ 20,238	\$ 178,655	\$ 255,962	\$ -	\$ -

CITY OF MUNCIE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	MSD 2014 Stormwater Bond Construction	MSD Improvement Reserve	Bond Proceeds	2016 Bond Sewage Construction	Sewage General	Totals
Cash and investments - beginning	\$ 844,409	\$ 1,501,496	\$ 4,495,458	\$ -	\$ 2,838,851	\$ 55,073,772
Receipts:						
Taxes	-	-	-	-	-	29,573,157
Licenses and permits	-	-	-	-	-	686,944
Intergovernmental receipts	-	-	-	-	-	21,102,969
Charges for services	-	-	-	-	-	1,947,740
Fines and forfeits	-	-	-	-	-	1,772,764
Utility fees	-	-	-	-	19,697,741	24,055,011
Other receipts	1,236,083	6,017	31,041	63,102,431	576,277	129,809,759
Total receipts	1,236,083	6,017	31,041	63,102,431	20,274,018	208,948,344
Disbursements:						
Personal services	-	-	-	-	8,171,483	69,181,959
Supplies	-	-	-	-	-	1,312,431
Other services and charges	-	-	-	-	220,604	48,097,589
Debt service - principal and interest	-	-	-	-	-	6,484,730
Capital outlay	1,915,977	-	4,526,488	19,495,499	240,838	28,791,923
Utility operating expenses	-	-	-	-	1,565,126	3,413,933
Other disbursements	7,460	-	-	-	8,864,375	18,269,274
Total disbursements	1,923,437	-	4,526,488	19,495,499	19,062,426	175,551,839
Excess (deficiency) of receipts over disbursements	(687,354)	6,017	(4,495,447)	43,606,932	1,211,592	33,396,505
Cash and investments - ending	\$ 157,055	\$ 1,507,513	\$ 11	\$ 43,606,932	\$ 4,050,443	\$ 88,470,277

CITY OF MUNCIE
SCHEDULE OF LEASES AND DEBT
December 31, 2016

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: Muncie EDIT Building Corporation	Convention Center	\$ 256,442	03/14/02	12/31/21

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
Revenue bonds	Indiana Park District Bonds Series 2011 (Tuhey Pool)	\$ 1,680,000	\$ 161,932
Revenue bonds	Economic Development Income Tax Revenue Bonds 2013	3,170,000	411,778
Revenue bonds	Economic Development Bonds Series 2014 A (Horizon Center Garage Project)	14,000,000	495,600
Revenue bonds	Taxable Economic Development Revenue Bonds Series 2014 B (Horizon Center Garage Project)	2,000,000	111,200
Notes and loans payable	Tower Fire Truck 2012	437,731	116,738
Notes and loans payable	Downtown Façade Work 2013	1,041,075	154,468
Notes and loans payable	Park Mowers 2014	5,937	6,025
Notes and loans payable	Parking Meters 2014	91,704	32,334
Notes and loans payable	Animal Control Trucks 2014	31,636	13,246
Notes and loans payable	Street Equipment 2014	28,739	19,706
Notes and loans payable	Park Chevrolet 1500 Silverado 2015	49,135	14,946
Notes and loans payable	Street Equipment 2015	538,260	108,120
Notes and loans payable	Street Plow Arm Dump Body 2016	180,459	40,374
Notes and loans payable	Fire Truck and Police Ford Explorers 2016	1,050,000	188,694
Total governmental activities		<u>24,304,676</u>	<u>1,875,161</u>
Wastewater:			
Revenue bonds	2005 SRF 17 960 000	10,294,000	1,198,109
Revenue bonds	Sanitary District Revenue Bond of 2007	3,200,000	382,098
Revenue bonds	Sanitary District Revenue Bonds, Series 2013	29,400,000	2,918,080
Revenue bonds	Sanitary District Revenue Bonds, Series 2013B	3,664,000	248,369
Revenue bonds	Sanitary District Revenue Bonds, Series 2014	13,589,000	569,042
Revenue bonds	Sanitary District Revenue Bonds, Series 2016A	64,000,000	2,922,669
Notes and loans payable	Automated Trash Collection Trucks (5) 2014-1	980,788	188,926
Notes and loans payable	Automated Trash Collection Trucks (2) 2014-2	238,905	-
Notes and loans payable	Automated Trash Collection Trucks (2) 2014-3	269,225	-
Notes and loans payable	Automated Trash Collection Truck 2014-4	122,934	-
Notes and loans payable	Freightliner Vac Truck 2015	133,110	46,864
Notes and loans payable	Freightliner M2-112 with 600 Sweeper Truck 2016	226,271	60,919
Total Wastewater		<u>126,118,233</u>	<u>8,535,076</u>
Totals		<u>\$ 150,422,909</u>	<u>\$ 10,410,237</u>

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

TO: THE OFFICIALS OF THE CITY OF MUNCIE, DELAWARE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the City of Muncie's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Basis for Qualified Opinion on the Economic Development Cluster

As described in item 2016-004 in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the City with its Economic Development Cluster regarding Reporting. Consequently, we were unable to determine whether the City complied with these requirements applicable to the program.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
(Continued)

As described in items 2016-003 and 2016-005 in the accompanying Schedule of Findings and Questioned Costs, the City did not comply with requirements regarding Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Special Tests and Provisions for Loan Requirements that are applicable to its Economic Development Cluster program. Compliance with such requirements is necessary, in our opinion, for the City to comply with requirements applicable to that program.

Qualified Opinion on the Economic Development Cluster

In our opinion, except for the effects of such noncompliance, if any, as might have been determined had we been able to examine sufficient evidence regarding the City's compliance with the requirements of its Economic Development Cluster regarding Reporting, and except for the noncompliance described in the *Basis for Qualified Opinion on the Economic Development Cluster* paragraph, the City complied, in all material respects, with the types of compliance requirements referred to, above that could have a direct and material effect on its Economic Development Cluster program for the year ended December 31, 2016.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the year ended December 31, 2016.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2016-008. Our opinion on each major federal program is not modified with respect to these matters.

The City's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.


INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
(Continued)

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2016-003, 2016-004, 2016-005, 2016-006, 2016-007, and 2016-008, that we consider to be material weaknesses.

The City's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

November 5, 2018

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the City. The schedule and notes are presented as intended by the City.

CITY OF MUNCIE
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2016

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient	Total Federal Awards Expended
Department of Commerce					
Economic Development Cluster Economic Adjustment Assistance	Direct Grant	11.307	06-19-01414	\$ -	\$ 2,201,463
Total - Economic Development Cluster				-	2,201,463
Total - Department of Commerce				-	2,201,463
Department of Housing and Urban Development					
CDBG - Entitlement Grants Cluster Community Development Block Grants/Entitlement Grants	Direct Grant	14.218			
			B-10-MC-18-0102	-	2,307
			B-11-MC-18-0102	-	6,819
			B-12-MC-18-0102	-	43,581
			B-13-MC-18-0102	-	52
			B-14-MC-18-0010	2,532	222,186
			B-15-MC-18-0010	154,946	456,312
			B-16-MC-18-0010	83,940	83,940
Total - CDBG - Entitlement Grants Cluster				241,418	815,197
Home Investment Partnerships Program	Direct Grant	14.239			
			M-12-MC-18-0206	1,085	1,085
			M-13-MC-18-0206	28,125	28,125
			M-14-MC-18-0206	19,001	19,451
			M-15-MC-18-0206	159,260	201,354
			M-16-MC-18-0206	53,662	65,260
Total - Home Investment Partnerships Program				261,132	315,275
Total - Department of Housing and Urban Development				502,550	1,130,472
Department of Justice					
Edward Byrne Memorial Justice Assistant Grant Program	Direct Grant	16.738			
			2014-DJ-BX-0812	-	1,551
			2015-DJ-BX-0820	-	33,159
			2016-DJ-BX-0535	-	12,143
Total - Edward Byrne Memorial Justice Assistant Grant Program				-	46,853
Crime Victim Assistance	Indiana Criminal Justice Institute	16.575			
			03215VAGX006403	-	95,684
Violence Against Women Formula Grants	Indiana Criminal Justice Institute	16.588			
			3950	-	23,943
Total - Department of Justice				-	166,480
Department of Transportation					
Highway Planning and Construction Cluster Highway Planning and Construction	Indiana Department of Transportation	20.205			
			DES 0401706	-	48,756
			DES 0501032	-	5,295
			DES 0501033	-	25,725
			DES 0710089	-	84,101
			DES 0800295	-	79,143
			DES 0901916	-	2,535
			DES 1005469	-	17,516
			DES 1006333	-	36,089
			DES 1592996	-	8,508
			DES 9786202	-	70,717
Total - Highway Planning and Construction				-	378,385
Recreational Trails Program	Indiana Department Of Natural Resources	20.219			
			RT-14-005	-	8,673
Total - Highway Planning and Construction Cluster				-	387,058
Highway Safety Cluster State and Community Highway Safety	Indiana Criminal Justice Institute	20.600			
			D3-16-10167	38,939	99,284
Alcohol Impaired Driving Countermeasures Incentive Grants I	Indiana Criminal Justice Institute	20.601			
			D3-15-9013	-	12,568
			D3-16-10235	21,245	39,862
Total - Alcohol Impaired Driving Countermeasures Incentive Grants I				21,245	52,430
Total - Highway Safety Cluster				60,185	151,714
Total - Department of Transportation				60,185	538,772
Department of Homeland Security					
Staffing For Adequate Fire And Emergency Response (SAFER)	Direct grant	97.083			
			EMW-2014-FH-00344	-	463,381
Total - Department of Homeland Security				-	463,381
Total federal awards expended				\$ 562,735	\$ 4,500,568

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF MUNCIE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the City under programs of the federal government for the year ended December 31, 2016. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the City, it is not intended to and does not present the financial position of the City.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received. The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3. Calculation of Economic Adjustment Assistance Expenditures on the SEFA

The reported expenditures were calculated as follows in accordance with guidance by the grantor:

Revolving Loan Fund (RLF):	
Outstanding loans as of December 31, 2016	\$ 2,443,341
Cash and investments as of December 31, 2016	774,012
Administrative Expenses paid out of RLF income during 2016	68,412
Unpaid principal on loans written off during 2016	<u>-</u>
Subtotal	<u>3,285,765</u>
Calculation of Federal Participation Rate (FPR):	
Original grant	5,000,000
Original match (In-kind)	<u>2,500,000</u>
Subtotal	<u>7,500,000</u>
FPR - Original grant awarded divided by total including original match	<u>67%</u>
Expenditures reported on the SEFA	<u><u>\$ 2,201,463</u></u>

CITY OF MUNCIE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	yes
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiency identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	yes

Identification of Major Programs and type of auditor's report issued on compliance for each:

<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
Economic Development Cluster	Qualified
CDBG - Entitlement Grants Cluster	Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?	no
--	----

Section II - Financial Statement Findings

FINDING 2016-001

Subject: Preparation of the Schedule of Expenditures of Federal Awards
Audit Finding: Significant Deficiency, Noncompliance

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2015-001.

CITY OF MUNCIE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition

The City did not have a proper system of internal controls in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The City failed to properly review the federal grant information prepared and submitted in the Indiana Gateway for Government Units financial reporting system, which was the source of the SEFA. One employee prepared the grant information for the federal awards without a system of oversight or review to detect and correct the errors before submission.

Context

Due to the lack of controls, the SEFA presented for audit contained the following errors:

1. Several grants were understated by either using the wrong amounts or omitting grant expenditures. The net understatement totaled \$232,201.
2. A reimbursement that was funded by a state match of \$84,121 was incorrectly included on the SEFA.
3. Amounts provided to subrecipients were understated by \$131,776.
4. Information such as grantor agency, program title, Catalog of Federal Domestic Assistance (CFDA) number, and pass-through identifying number were either incorrectly reported or omitted for some grants.

Audit adjustments were proposed, accepted by the City, and made to the SEFA.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . .

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities. . . .

- Accurate and timely recording of transactions. . . ."

CITY OF MUNCIE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.508 states in part: "The auditee must: . . . (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510 Financial statements. . . ."

2 CFR 200.510(b) states:

"Schedule of expenditures of Federal awards. The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

Cause

Management had not established a system of internal control that would have ensured proper reporting of the SEFA.

Effect

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Context*.

CITY OF MUNCIE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Recommendation

We recommended that the City's management establish controls related to the preparation of the SEFA.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2016-002

Subject: Financial Transactions and Reporting of Redevelopment Commission
Audit Findings: Material Weakness, Noncompliance

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2015-003.

Condition

The Muncie Redevelopment Commission funds, which included the Economic Adjustment Assistance (revolving loan funds/RLF), were not properly recorded within the City's ledger by the City Controller. For all fund activity except for the Redevelopment Commission funds, receipts and disbursements were individually entered into the City's ledger. For the Redevelopment Commission funds, each related bank statement activity was posted as one receipt for the total month's deposits and one disbursement for the month's debit activity. Deposits in transit, outstanding checks, and other potential reconciling items were not accounted for under this method.

Supporting documentation for the individual disbursements of the Redevelopment Commission were also not included in the City's ledger as was required for all other departments. Additionally, the City Controller was not the signatory for all accounts related to the Muncie Redevelopment Commission. The City had not established an internal control system to ensure that the Redevelopment Commission activity was properly accounted for within the City's ledger in the same manner as all other departments of the City.

Context

The lack of controls and noncompliance were systemic issues throughout the audit period.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

CITY OF MUNCIE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . .

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities. . . .

- Accurate and timely recording of transactions. . . ."

13 CFR 307.13(b)(1) states: "Maintain adequate accounting records and source documentation to substantiate the amount and percent of RLF Income expended for eligible RLF administrative costs."

Indiana Code 36-4-10-2(c) states in part: "The city controller appointed under [IC 36-4-9-6](#) is the fiscal officer of each second class city . . ."

Indiana Code 36-4-10-5(b) states in part:

". . . The fiscal officer shall do the following:

- (1) Prescribe the form of reports and accounts to be submitted to the department.
- (2) Sign and issue all warrants on the city treasury.
- (3) Audit and revise all accounts and trusts in which the city is concerned.
- (4) Keep separate accounts for each item of appropriation made for each city department . . .
- (9) Manage the finances and accounts of the city . . ."

Indiana Code 36-7-14-8(b) states in part:

"The fiscal officer of the unit establishing a redevelopment commission is the treasurer of the redevelopment commission. . . . the treasurer has charge over and is responsible for the administration, investment, and disbursement of all funds and accounts of the redevelopment commission in accordance with the requirements of state laws that apply to other funds and accounts administered by the fiscal officer. . . ."

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

CITY OF MUNCIE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

Management of the City had not established a proper system of internal control over the financial transactions and reporting of the Redevelopment Commission funds.

Effect

The failure to establish controls could have enabled misstatements or irregularities to remain undetected regarding the Redevelopment Commission funds.

Recommendation

We recommended that the City establish a system of internal controls related to financial transactions and reporting of the Redevelopment Commission funds.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

Section III - Federal Award Findings and Questioned Costs

FINDING 2016-003

Subject: Economic Development Cluster - Activities Allowed
or Unallowed, Allowable Costs/Cost Principles
Federal Agency: Department of Commerce
Federal Program: Economic Adjustment Assistance
CFDA Number: 11.307
Federal Award Number and Year (or Other Identifying Number): 06-19-01414
Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles
Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

This is a repeat finding from the immediately prior audit regarding Allowable Costs/Cost Principles. The prior audit finding number was 2015-007.

Condition

An effective internal control system was not in place at the City in order to ensure compliance with requirements related to the grant agreement and the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

The City paid four claims, which totaled \$5,621 to a vendor for the reimbursement of expenses associated with administering the federal program. However, no invoices were provided to substantiate these claims. It could not be determined whether these expenses were for activities allowed according to the requirements of the program. These claims paid without adequate supporting documentation were considered questioned costs.

CITY OF MUNCIE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The City had an interlocal agreement to pay an unspecified portion of the Director of Business Development's (Director) salary from the revolving loan fund grant. The City paid \$39,874 of the Director's salary from grant funds. No supporting documentation of the time allocated to the management of the grant was provided. The compensation paid without adequate supporting documentation was considered questioned costs.

The City also paid \$1,890 for an automobile lease for the Director from the grant. No supporting documentation outlining business versus personal use of the vehicle was provided. The lease payments made without adequate supporting documentation were considered questioned costs.

Context

The lack of controls and noncompliance were systemic issues throughout the audit period.

Criteria

OMB Circular A-133, Subpart C(1), section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

13 CFR 307.13(b) states in part:

"*Administrative records.* RLF Recipients must at all times: . . .

- (2) Retain records of administrative expenses incurred for activities and equipment relating to the operation of the RLF for three years from the actual submission date of the last semi-annual report that covers the Reporting Period in which such costs were claimed. . . ."

OMB Circular A-87, Attachment A, section C(1) states in part:

"Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:

- a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
- b. Be allocable to Federal awards under the provisions of this Circular. . . .
- j. Be adequately documented."

OMB Circular A-87, Attachment A, section C(3)(a) states: "A cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received."

Cause

Management of the City had not designed or implemented internal control procedures to ensure compliance with the compliance requirements listed above. The City did not have controls in place to ensure that adequate documentation was available for expenditures of grant funds.

CITY OF MUNCIE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirements could have resulted in the loss of federal funds to the City.

Questioned Costs

Known questioned costs of \$47,385 were identified as detailed in the *Condition*.

Recommendation

We recommended that the City's management establish controls to ensure compliance and comply with the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2016-004

Subject: Economic Development Cluster - Reporting
Federal Agency: Department of Commerce
Federal Program: Economic Adjustment Assistance
CFDA Number: 11.307
Federal Award Number and Year (or Other Identifying Number): 06-19-01414
Compliance Requirement: Reporting
Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2015-008.

Condition

An effective internal control system was not in place at the City in order to ensure compliance with requirements related to the grant agreement and the Reporting compliance requirement. The City did not have controls in place to ensure that supporting documentation was maintained for reports that were submitted.

The City did not comply with the reporting requirements that supporting documents be maintained per the grant agreement and program regulations. No supporting records were maintained for the ED-209- Revolving Loan Fund Semi-Annual Financial Report and the ED-209I- Revolving Loan Fund Income and Expense Statement.

Context

The lack of internal controls and the noncompliance were systemic issues throughout the audit period.

CITY OF MUNCIE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

OMB Circular A-133, Subpart C(1), section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

15 CFR 24.42 states in part:

"(a) *Applicability.*

- (1) This section applies to all financial and programmatic records, supporting documents, statistical records, and other records of grantees or subgrantees which are:
 - (i) Required to be maintained by the terms of this part, program regulations or the grant agreement, or
 - (ii) Otherwise reasonably considered as pertinent to program regulations or the grant agreement.
- (2) This section does not apply to records maintained by contractors or subcontractors. For a requirement to place a provision concerning records in certain kinds of contracts, see § 24.36(i)(10).

(b) *Length of retention period.*

- (1) Except as otherwise provided, records must be retained for three years from the starting date specified in paragraph (c) of this section. . . ."

Cause

Management of the City had not designed or implemented internal control procedures to ensure compliance with the reporting requirements.

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the reporting requirements could have resulted in the loss of federal funds to the City.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the City's management establish controls to ensure compliance and comply with the grant agreement and Reporting compliance requirement.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

CITY OF MUNCIE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2016-005

Subject: Economic Development Cluster - Special Tests and Provisions - Loan Requirements
Federal Agency: Department of Commerce
Federal Program: Economic Adjustment Assistance
CFDA Number: 11.307
Federal Award Number and Year (or Other Identifying Number): 06-19-01414
Compliance Requirement: Special Tests and Provisions - Loan Requirements
Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2015-010.

Condition

An effective internal control system was not in place at the City in order to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions - Loan Requirements compliance requirement. The City did not have controls in place to ensure that standard loan documentation included proper signed bank turn-down letters, Board of Directors meeting minutes, and loan applications.

The City did not comply with the loan requirements that certain documentation be maintained. The City did not gather the required signed bank turn-down letters demonstrating that credit was not otherwise available before distributing loans. The City also did not maintain loan applications and board meeting minutes showing approval of the loans in the loan files.

Context

The lack of controls and the noncompliance were systemic issues throughout the audit period.

Criteria

OMB Circular A-133, Subpart C(1), section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

13 CFR section 307.15(b)(2) states in part:

"Prior to the disbursement of any EDA funds, the RLF Recipient shall certify that standard RLF loan documents reasonably necessary or advisable for lending are in place and that these documents have been reviewed by its legal counsel for adequacy and compliance with the terms and conditions of the Grant and applicable State and local law. The standard loan documents must include, at a minimum, the following:

CITY OF MUNCIE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (i) Loan application; . . .
- (iii) Board of directors' meeting minutes approving the RLF loan; . . .
- (viii) Signed bank turn-down letter demonstrating that credit is not otherwise available on terms and conditions that permit the completion or successful operation of the activity to be financed. EDA will permit the RLF Recipient to accept alternate documentation only if such documentation is allowed in the Recipient's EDA-approved RLF Plan."

Cause

Management of the City had not designed or implemented internal control procedures to ensure compliance with the Special Tests and Provisions - Loan Requirements compliance requirement.

Effect

The failure to establish effective internal controls enabled material noncompliance to go undetected, which could have resulted in the loss of federal funds to the City.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the City's management establish controls to ensure compliance and comply with the grant agreement and the Special Tests and Provisions - Loan Requirements compliance requirement.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2016-006

Subject: Economic Development Cluster - Special Tests and Provisions -
Increases to RLF Capital Base and Capital Utilization
Federal Agency: Department of Commerce
Federal Program: Economic Adjustment Assistance
CFDA Number: 11.307
Federal Award Number and Year (or Other Identifying Number): 06-19-01414
Compliance Requirement: Special Tests and Provisions - Increases to
RLF Capital Base and Capital Utilization
Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2015-006.

CITY OF MUNCIE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition

An effective internal control system was not in place at the City in order to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions - Increases to RLF Capital Base and Capital Utilization. The Director of Business Development was the sole person responsible for the determination of increases to the revolving loan fund capital base and capital utilization. There was no oversight, review, approval, or other process in place to ensure that the necessary calculations were performed.

Context

The lack of controls was a systemic issue throughout the audit period.

Criteria

OMB Circular A-133, Subpart C(1), section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

Cause

Management of the City had not designed or implemented internal control procedures to ensure compliance with the Special Tests and Provisions - Increases to RLF Capital Base and Capital Utilization compliance requirement.

Effect

The failure to establish an effective internal control system placed the City at risk of noncompliance with the grant agreement and the compliance requirement. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirement and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the City's management establish controls, including segregation of duties, related to the grant agreement and the Special Tests and Provisions - Increases to RLF Capital Base and Capital Utilization compliance requirement.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

CITY OF MUNCIE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2016-007

Subject: CDBG - Entitlement Grants Cluster - Internal Controls

Federal Agency: Department of Housing and Urban Development

Federal Program: Community Development Block Grants/Entitlement Grants

CFDA Number: 14.218

Federal Award Numbers and Years (or Other Identifying Numbers): B-10-MC-18-0102, B-11-MC-18-0102,
B-12-MC-18-0102, B-13-MC-18-0102,
B-14-MC-18-0010, B-15-MC-18-0010,
B-16-MC-18-0010

Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Period of Performance, Reporting, Subrecipient Monitoring, Special Tests and Provisions - Environmental Reviews, Special Tests and Provisions - Rehabilitation

Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2015-004.

Condition

An effective internal control system, which would include segregation of duties, was not in place at the City in order to ensure compliance with requirements related to the grant agreement and the compliance requirements listed above.

Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Period of Performance

For most of 2016, the Director of Community Development's (Director) time cards were not reviewed by another individual and there were no other controls to ensure the Director's payroll was allowable, accurate, and paid within the period of performance.

The review process established as a control for paying claims was not effective and failed to properly determine correct mileage rates for mileage reimbursement expenditures.

Reporting

The Director was the sole person responsible for preparing, reviewing, and submitting the required reports for the Community Development Block Grant. There was no oversight, review, approval, or other process in place to ensure the accuracy of the reports.

Subrecipient Monitoring

The Assistant Director of Community Development was the sole person responsible for monitoring subrecipients which included onsite visits. There were no controls in place to ensure that monitoring of subrecipients or onsite visits were conducted.

CITY OF MUNCIE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Special Tests and Provisions - Environmental Reviews

The Environmental Reviews were the sole responsibility of a planner within the Department of Community Development. There were no controls in place to ensure that the Environmental Reviews were conducted. In addition, documentation was not maintained for projects not requiring environmental reviews indicating that the project was an exempt activity (i.e. public service, administration).

Special Tests and Provisions - Rehabilitation

Rehabilitation policies and procedures to determine whether work was properly completed was performed by a planner within the Department of Community Development with no review or oversight process in place.

Context

The lack of controls was a systemic issue throughout the audit period.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

Cause

Management had not developed a system of internal controls to ensure compliance with the compliance requirements listed above.

Effect

The failure to establish an effective internal control system placed the City at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the City's management establish controls, including segregation of duties, related to the grant agreement and the compliance requirements listed above.

CITY OF MUNCIE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2016-008

Subject: CDBG - Entitlement Grants Cluster - Suspension and Debarment

Federal Agency: Department of Housing and Urban Development

Federal Program: Community Development Block Grants/Entitlement Grants

CFDA Number: 14.218

Federal Award Numbers and Years (or Other Identifying Numbers): B-10-MC-18-0102, B-11-MC-18-0102,
B-12-MC-18-0102, B-13-MC-18-0102,
B-14-MC-18-0010, B-15-MC-18-0010,
B-16-MC-18-0010

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Other Matters

Condition

An effective internal control system was not in place at the City in order to ensure compliance with requirements related to the grant agreement and the suspension and debarment requirements. The City did not have adequate policies or procedures in place to ensure that vendors were not suspended or debarred from participation in federal programs.

The City did not always comply with their policies and procedures established to ensure that contractors were not suspended or debarred. Contracts were signed before the Board of Works reviewed evidence that the City had performed procedures to verify compliance with the suspension and debarment requirements.

Context

The lack of controls and noncompliance were systemic issues throughout the audit period.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

CITY OF MUNCIE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 180.300 states:

"When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified.

You do this by:

- (a) Checking SAM Exclusions; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person."

Cause

Management had not designed or implemented internal control procedures to ensure compliance with the suspension and debarment requirements.

Effect

The failure to establish effective internal controls enabled noncompliance to go undetected which could have resulted in the loss of federal funds to the City.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the City's management establish controls to ensure compliance and comply with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

(This page intentionally left blank.)

AUDITEE-PREPARED DOCUMENTS

The subsequent documents were provided by management of the City. The documents are presented as intended by the City.



October 4, 2018

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-001 – Preparation of the Schedule of Expenditures of Federal Awards

Fiscal Year	2015
Auditee Contact Person:	Kevin Nemyer
Title of Contact Person:	Controller
Phone Number:	(765)747-4828
Status of Finding	Procedures in place since assuming this position in July 2017

The SEFA is reviewed by the Controller, or his designee, proofreading for errors, omissions, and misstatements.

FINDING 2015-002 – Internal Controls Over Payroll Disbursements

Fiscal Year	2015
Auditee Contact Person:	Kevin Nemyer
Title of Contact Person:	Controller
Phone Number:	(765)747-4828
Status of Finding	Procedures in place since assuming this position in July 2017

Each department's payroll time records is reviewed by the Payroll Clerk or the Controller to verify accuracy, alerting any department head of any errors.

FINDING 2015-003 – Accounting for Muncie Redevelopment Commission Funds

Fiscal Year	2015
Auditee Contact Person:	Kevin Nemyer
Title of Contact Person:	Controller
Phone Number:	(765)747-4828
Status of Finding	Procedures in place since assuming this position in July 2017

The Muncie Redevelopment Commission funds, including the Economic Adjustment Assistance, are being recorded within the City's ledger. This provides internal controls to ensure all monies are accounted for within the City's ledger.

FINDING 2015-004 – Internal Control Over Community Development Block Grants/Entitlement Grants

Fiscal Year	2015
Auditee Contact Person:	Kevin Nemyer
Title of Contact Person:	Controller
Phone Number:	(765)747-4828
Status of Finding	Procedures will be put in place as soon as feasible

The Community Development Department will establish a secondary review and approval process, conducted by the Department's Planners and/or Assistant Director, to ensure compliance with federal guidelines. This is a repeat finding from the prior year. The current Controller will oversee the CD Department to ensure this process is followed.

FINDING 2015-005 – Internal Control Over HOME Investment Partnerships Program

Fiscal Year	2015
Auditee Contact Person:	Kevin Nemyer
Title of Contact Person:	Controller
Phone Number:	(765)747-4828
Status of Finding	Procedures will be put in place as soon as feasible

The Community Development Department will establish a secondary review and approval process, conducted by the Department's Planners and/or Assistant Director, to ensure compliance with federal HOME guidelines. This is a repeat finding from the prior year. The current Controller will oversee the CD Department to ensure this process is followed.

FINDING 2015-006 – Internal Control Over Activities Allowed or Unallowed and Special Tests and Provisions – Increases to Revolving Loan Fund Capital Base and Capital Utilization

Fiscal Year	2015
Auditee Contact Person:	Kevin Nemyer
Title of Contact Person:	Controller
Phone Number:	(765)747-4828
Status of Finding	Procedures will be put in place as soon as feasible

Going forward, the activities of the program will be reviewed by the Controller, or his designee, to ensure compliance with both the grant agreement and the compliance requirements.

FINDING 2015-007 – Allowable Costs/Cost Principles

Fiscal Year	2015
Auditee Contact Person:	Kevin Nemyer
Title of Contact Person:	Controller
Phone Number:	(765)747-4828
Status of Finding	Procedures will be put in place as soon as feasible

Going forward, the activities of the program will be reviewed by the Controller, or his designee, to ensure compliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirements. Also, documentation, from the MRC Director, of time allocated to grant funds management will be required.

FINDING 2015-008 - Reporting

Fiscal Year	2015
Auditee Contact Person:	Kevin Nemyer
Title of Contact Person:	Controller
Phone Number:	(765)747-4828
Status of Finding	Procedures will be put in place as soon as feasible

Going forward, the Controller's Office will maintain a checklist of grant recipients and reporting deadlines for the corresponding grants, to verify compliance with the Reporting compliance requirement of the program.

FINDING 2015-009 – Subrecipient Monitoring

Fiscal Year	2015
Auditee Contact Person:	Kevin Nemyer
Title of Contact Person:	Controller
Phone Number:	(765)747-4828
Status of Finding	Procedures will be put in place as soon as feasible

Going forward, the Community Development Department will inform all subrecipients of federal requirements of these grants, and follow up by monitoring the subrecipients' activities to ensure compliance with federal guidelines.

FINDING 2015-010 – Special Tests and Provisions – Loan Requirements

Fiscal Year	2015
Auditee Contact Person:	Kevin Nemyer
Title of Contact Person:	Controller
Phone Number:	(765)747-4828
Status of Finding	Procedures in place since assuming this position in July 2017

The Muncie Redevelopment Commission Director provides documentation showing the recipient was denied loan(s) from other banking source(s).

Respectfully,

A handwritten signature in black ink that reads "Kevin G. Nemyer". The signature is written in a cursive style with a large, prominent initial "K".

Kevin G. Nemyer
Controller



CORRECTIVE ACTION PLAN
Findings 2016-001 and 2016-002

FINDING 2016-001

Kevin Nemyer
765.747.4828

Views of Responsible Official:

We concur with the finding. There was not a system of oversight and internal control in place to prevent errors and/or misstatements, and several errors were, in fact, discovered and corrected.

Description of Corrective Action Plan:

An internal control procedure for the Schedule of Expenditures of Federal Awards will be put into place and will include oversight by the Controller, or his designee, who will review and check the SEFA for errors, omissions, and misstatements prior to its submission.

Anticipated Completion Date:

The above internal control procedure will be implemented immediately.

FINDING 2016-002

Kevin Nemyer
765.747.4828

Views of Responsible Official:

We concur with the finding. There was not a proper system of internal controls in place to ensure Muncie Redevelopment activity was correctly accounted for in the City's ledger.

Description of Corrective Action Plan:

The funds of the Muncie Redevelopment Commission will be recorded within the City's ledger in the same manner as other departments, with all individual disbursements being correctly recorded, with supporting documentation.

Anticipated Completion Date:

The above procedure will be implemented as soon as feasible.

Kevin Neuge
(Signature)

Controller
(Title)

Oct 25 2018
(Date)



CORRECTIVE ACTION PLAN
Findings 2016-003 to 2016-006

FINDING 2016-003

Kevin Nemyer
765.747.4828

Views of Responsible Official:

We concur with the finding. There was not a proper system of internal controls nor requirement of supporting documentation for the expenditures of grant funds, putting these funds at risk.

Description of Corrective Action Plan:

Supporting documentation and invoices will be required before the expenditure of any grant funds, or reimbursements for expenses using grant funds. Documentation of the share of the Director's salary to be paid from grant funds, and documentation outlining business versus personal use of leased vehicles will be filed in the Controller's Office.

Anticipated Completion Date:

Internal control procedures to ensure compliance of the above will be implemented as soon as feasible; documentation concerning the Director's salary and proper use of leased vehicles will be compiled as soon as feasible.

FINDING 2016-004

Kevin Nemyer
765.747.4828

Views of Responsible Official:

We concur with the finding. There was not an internal control system in place to ensure compliance with the grant agreement and the grant reporting requirements, which could have resulted in the loss of federal funds to the City.

Description of Corrective Action Plan:

The Controller's Office will establish an internal control procedure of grant agreements review to ensure compliance, and of grant reporting reviews to ensure they comply with the requirements.

Anticipated Completion Date:

These internal control procedures will be implemented as soon as feasible.

FINDING 2016-005

Kevin Nemyer
765.747.4828

Views of Responsible Official:

We concur with the finding. The City's lack of internal controls allowed noncompliance with the grant agreement and the loan requirements.

Description of Corrective Action Plan:

An internal control system will be established to ensure compliance with both the grant agreement, and with the Special Tests and Provisions for Loan Requirements compliance requirement.

Anticipated Completion Date:

An internal control system will be designed and implemented as soon as feasible.

FINDING 2016-006

Kevin Nemyer
765.747.4828

Views of Responsible Official:

We concur with the finding. There was not a proper system of internal controls to ensure compliance with the grant agreement and the compliance requirements.

Description of Corrective Action Plan:

An internal control system, including segregation of duties, will be established to ensure compliance with both the grant agreement, and with the Special Tests and Provisions for Increases to RLF Capital Base and Capital Utilization compliance requirement.

Anticipated Completion Date:

An internal control system and segregation of duties will be designed and implemented as soon as feasible.

Kevin Nemyer
(Signature)
Controller
(Title)
Oct 25, 2018
(Date)



CORRECTIVE ACTION PLAN
Findings 2016-007 and 2016-008

FINDING 2016-007

Kevin Nemyer
765.747.4828

Views of Responsible Official:

We concur with the finding. There was not a system of oversight and internal control in place within the Community Development department to prevent misuse and mismanagement of CDBG funds; to verify the accuracy of claims, including payroll; to ensure proper reporting was submitted; or to ensure monitoring subrecipients was conducted correctly.

Description of Corrective Action Plan:

A system of internal control will be designed and implemented within the Community Development department to ensure the proper use of the CDBG grant funds, to verify the accuracy of claims and of payroll, and to ensure compliance with reporting and monitoring requirements.

Anticipated Completion Date:

A system of internal control will be designed and implemented within the Community Development department as soon as feasible.

FINDING 2016-008

Kevin Nemyer
765.747.4828

Views of Responsible Official:

We concur with the finding. There was not a proper system of internal controls in place to ensure the Community Development department was in compliance with the grant agreement, and with the Procurement and Suspension and Disbarment compliance requirement.

Description of Corrective Action Plan:

An internal control system in the Community Development department will be designed and implemented as soon as feasible, to ensure compliance with both the grant agreement, and with the Procurement and Suspension and Disbarment compliance requirement.

Anticipated Completion Date:

The system of internal control described above will be implemented as soon as feasible.

Kevin Nguyen
(Signature)

Controller
(Title)

Oct 25, 2018
(Date)

OTHER REPORTS

In addition to this report, other reports may have been issued for the City. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.